



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



FILE COPY

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Comptroller

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November 18, 2011

Karen Carson, Executive Director
Contractors Assistance Program
6330 Knox Industrial Dr.
St. Louis, MO 63139

RE: Community Development Block Grant (CDBG) (Project #2011-CDA12)

Dear Ms. Carson:

Enclosed is a report of the fiscal monitoring review of Contractors Assistance Program, a not-for-profit organization, CDBG Program, for the period January 1, 2010 through December 31, 2010. The scope of a fiscal monitoring review is less than an audit, and as such, we do not express an opinion on the financial operations of Contractors Assistance Program. Fieldwork was completed on May 16, 2011.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and through an agreement with the City of St. Louis Community Development Administration (CDA) to provide fiscal monitoring to all federal grant sub-recipients.

If you have any questions, please contact the Internal Audit Section at (314) 657-3490.

Sincerely,

Dr. Kenneth M. Stone, CPA
Internal Audit Executive

Enclosure

cc: Jill Claybour, Acting Executive Director, CDA
Lorna Alexander, Special Assistant for Development, CDA



CITY OF ST. LOUIS

**COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)**

**CONTRACTORS ASSISTANCE PROGRAM
CONTRACT #10-10-62
CFDA #14.218**

FISCAL MONITORING REVIEW

JANUARY 1, 2010 THROUGH DECEMBER 31, 2010

PROJECT #2011-CDA12

DATE ISSUED: NOVEMBER 18, 2011

**Prepared By:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS
COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
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FISCAL MONITORING REVIEW
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INTRODUCTION

Background

Contract Name: Contractors Assistance Program
Contract Number: 10-10-62
CFDA Number: 14.218
Contract Period: January 1, 2010 through December 31, 2010
Contract Amount: \$143,000

This contract provided Community Development Block Grant (CDBG) funds to Contractors Assistance Program (Agency) to support the efforts in meeting the business needs of small and growing minority and female owned construction companies and disadvantaged business enterprises in the St. Louis area.

Purpose

The purpose of the review was to determine the Agency's compliance with federal, state, and local Community Development Administration (CDA) requirements, for the period January 1, 2010 through December 31, 2010, and make recommendations for improvements, as considered necessary.

Scope and Methodology

Inquiries were made regarding the Agency's internal controls relating to the grants administered by CDA. Evidence was tested supporting the reports the Agency submitted to CDA and other procedures were performed, as considered necessary. Fieldwork was completed on May 16, 2011.

Exit Conference

An exit conference was conducted at the Agency on November 1, 2011. The Agency was represented by Jack Martin, Controller; Karen Carson, Executive Director; and Donna Respi, Administrative Accountant.

The Internal Audit Section (IAS) was represented by: Jeremy Holtzman, Auditor II; Chance Key, MBA, CFE, Auditor-In-Charge.

Management's Response

Management's response to the observation and recommendation noted in the report was received on November 1, 2011 and has been incorporated into the report.

SUMMARY OF OBSERVATIONS

Conclusion

The Agency did not fully comply with federal, state, and local CDA requirements.

Status of Prior Observations

The Agency's previous fiscal monitoring report, Project #2009-CDA58, issued December 17, 2009, contained an observation relating to the cash management, which remains unresolved and has been repeated in this report. (See Summary of Current Observations below)

A-133 Status

According to a letter received from the Agency, it did not expend \$500,000 or more in federal funds for the year ended December 31, 2010 and was not required to have an A-133 audit.

Summary of Current Observations

A recommendation was made for the following observation, which if implemented, could assist the Agency in fully complying with federal, state, and local CDA requirements.

- Opportunity to improve cash management (Repeated)

DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES

Opportunity To Improve Cash Management (Repeated)

The Agency did not disburse federal funds to two of its subcontractors within three days of receiving the reimbursements from CDA as follows:

A	B	C	D	E	F
Vendor	Date Reimbursed	Date Vendor Paid	Check #	Days elapsed Since Reimbursement Date (C-B)	Amount
AGC of St. Louis	9/9/2010	9/28/2010	5156	19	\$71,497.62
AGC of St. Louis	9/15/2010	10/11/2010	5158	26	\$11,916.27
Total					\$83,413.89

The Agency's previous fiscal monitoring report, dated December 17, 2009, also reported that the Agency did not disburse federal funds within three days of receipt.

According to Section 2.10 of the CDA Operating Agency Manual, an operating agency must disburse the grant funds within three working days of receipt. This policy applies to program grant funds received from the City of St. Louis for unpaid items. Funds should be requested only for the immediate cash needs of an operating agency. If funds cannot be disbursed within the three-day period, the funds must be returned to the Comptroller's Office.

It was observed the Agency did not have a system of internal controls in place to ensure compliance with the CDA cash management compliance requirement.

When the Agency is non-compliant with the CDA Cash Management Compliance Requirements, it risks possible suspension or termination of the federal award.

Recommendation

It is recommended that the Agency establish a system of internal controls to ensure compliance with the CDA cash management compliance requirements.

Management's Response

We will comply.